

**Kentucky Energy and Environment Cabinet**  
**Tennessee Valley Authority Clean Air Act Settlement**  
**Grant Program**

**Application Manual**

Prepared by:

Energy and Environment Cabinet  
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Tennessee Valley Authority Clean Air Act Settlement  
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**1. Overview**

In 2011, Kentucky and other states were parties to a federal court settlement of an enforcement action under the federal Clean Air Act that resulted in a Consent Decree with the Tennessee Valley Authority (TVA). A part of the Consent Decree obligates TVA to provide Kentucky \$11.2 million to fund environmental mitigation projects. The funds are to be paid over 5 years, with the first payment not to exceed \$2.24 million. The Energy and Environment Cabinet (the Cabinet) is designated by the Governor as the lead agency to develop and manage the process for selection and implementation of the environmental mitigation projects for Kentucky. For more information about the settlement and to view the Consent Decree, visit

<http://www.epa.gov/compliance/resources/decrees/civil/caa/tvacoal-fired-cd.pdf>

The Cabinet seeks a variety of applications involving renewable and efficient energy initiatives and technologies. Following is a list of suggested, but not limiting, project topics that the Cabinet shall consider for funding:

- Purchase and installation of photo-voltaic cells and/or solar thermal systems on buildings;
- Projects to conserve energy in new and existing buildings, manufacturing facilities, mobile homes, modular buildings, including efficient lighting, appliance efficiency improvement projects, and weatherization projects;
- Funding of agricultural and forestry sector use and production of renewable energy and carbon sequestration;
- Implementation of projects to improve energy efficiency or renewable energy projects at water treatment and waste water treatment plants; Projects that implement or expand smart grid technologies;
- Projects that install cogeneration units (wherein a single fuel source simultaneously produces electricity and useful heat) at industrial manufacturing plants or institutions such as universities, hospitals, prisons, and military bases; and
- Other projects that contribute to the intent of the Consent Decree.

**2. Eligible Applicants**

The Cabinet seeks applications from a broad spectrum of Kentucky organizations involved in energy management or whose business affects or is affected by energy issues. Specifically, the following types of organizations are eligible:

- Secondary and post-secondary educational institutions (public and private)

- State, local and county governments
- Commercial/ Industrial entities, including manufacturers, industrial developers and utilities
- Area Development Districts and other Non-profit Organizations
- Community Action Agencies

Organizations may prepare and submit applications on behalf of client organizations (one or more). However, the client organization must include a letter of participation in the application package. The Cabinet will only enter into the Grant Contract with the client organization.

An organization may submit multiple applications if it has the capability and expertise to do so. However, only one application for each topic listed above may be submitted by a single organization.

### **3. Grant Program Funding**

The Commonwealth of Kentucky will receive five annual installments of \$2.24M for a total of \$11.2M, beginning October 2011. The Cabinet intends but is not required to select promising projects from the applications received, and award the entire \$11.2M. Some awarded projects may have delayed start dates and/or protracted payment schedules. The Cabinet intends, but is not required, to award the first contracts after November 1, 2012.

### **4. Grant Application Timing and Delivery**

Grant applications are due in the Department for Energy Development and Independence (DEDI) office not later than 4:30 PM Eastern Time on October 15, 2012. Applications will not be accepted after that date and time. An exception will be that mailed applications received after October 15 will be accepted if they are postmarked **prior** to October 15. Grant Applications and three copies are to be mailed or delivered to:

Paul Brooks  
Energy and Environment Cabinet  
Department for Energy Development and Independence  
500 Mero Street  
Frankfort, KY 40601  
502-564-7192  
[paul.brooks@ky.gov](mailto:paul.brooks@ky.gov)

Electronic or facsimile applications will not be accepted. The application package must comprise **an original and three copies** of the complete application.

## **5. Grant Application Form and Content**

The Grant Application comprises:

- The Application Form (**Attachment 1**) which includes an Executive Summary of the project. The Executive Summary must describe the salient elements of the project's technical content and cost within a 1,200-word limit.
- A narrative for the project that describes the full technical and cost detail of the project. The project narrative should be no more than 25 pages, using Times New Roman 12 point font (excluding the executive summary). The narrative should include an estimated amount of the pollution projected or expected to be reduced by describing and quantifying the following within the project narrative:
  - The decrease in the amount of electricity (measured in kilowatt hours - kWh) or natural gas (measured in therms) used to perform heating and cooling on an annual basis or the amount of non-renewable energy offset by the production of renewable energy.
  - Emissions reduced using the following emissions calculator:  
<http://www.epa.gov/cleanenergy/energy-and-you/how-clean.html>
  - If emissions reductions are from mechanisms other than reduction in the use of electricity, provide a calculation to determine emissions reduction.
  - If renewable energy equipment is installed, provide a calculation for determining the amount of electricity to be produced and describe any assumptions used.
- A discussion of the leveraged or matching funding that will be employed with the Cabinet's funds to implement the project. This discussion is a section within the narrative, but is not included in the 25-page narrative limit. The Cabinet uses the term "leverage funds" in the same context as matching funds, and for purposes of this application only cash contributions will be considered. Cash contributions will be evidenced by a letter of commitment.
- A completed Detailed Budget (**Attachment 2**). Each item of the budget form is to be addressed; marked with zero if not applicable. Additional budget lines may be added to the form as required to characterize the project.
- Each applicant is responsible for submitting all relevant, factual and correct information with the application to enable the evaluator(s) to afford each applicant the maximum score based on the available data submitted by the applicant.

## **6. Evaluation and Scoring of Grant Applications**

The Cabinet will conduct a comprehensive, fair and impartial evaluation of all applications and score the applications based on the following factors:

- Strength of the application in meeting the objectives of the Consent Decree (40 points) with consideration given to the following:
  - Demonstration of projected emission reductions (including greenhouse gas emissions, SO<sub>2</sub>, NO<sub>x</sub>, PM)
  - Energy reduction through energy efficiency measures
  - Generation of renewable energy
- Qualifications, Experience, Capabilities, and Scheduling (25 points)
  - Relevant experience with the technology or process;
  - Strength of team assembled for project (including commitment of key participants) as evidenced by letters of commitment or support; and
  - Schedule, milestones, and deliverables of project.
- Ability to leverage(match) funding to enhance overall project objectives (up to 15 points)
  - Funds leveraged as a percentage of project are scaled from zero points (zero match) to 15 points (match equal to or greater than 100% of funds requested) The table in Attachment 3 reflects how points will be prorated in relationship to the percent of leverage.
  - For purposes of evaluating and scoring the applications, only cash contributions will be considered as leverage (match).
- Applicants will indicate if their project is located in a Kentucky county serviced by TVA power and if so which county and electric distributor they are served by. Projects that are located within the TVA Service Area, or served by TVA, will receive a total of 10 points for this criterion. See [www.tva.gov/news/state/kentucky.htm](http://www.tva.gov/news/state/kentucky.htm) for Kentucky counties served by TVA power (10 points)
- Reasonableness of budget – A budget, using at a minimum the budget categories listed in Attachment 2, must be provided, with justification for each expense category. Project budget will be evaluated and scored for reasonableness by comparing cost vs. benefits of the overall application (10 points).

<b>EVALUATION CRITERIA</b>	<b>POINTS POSSIBLE</b>
<b>Strength of Project in Meeting Terms of Consent Decree</b>	<b>40</b>
<b>Qualifications, Experience, Capabilities, and Scheduling</b>	<b>25</b>
<b>Ability to Leverage Funding</b>	<b>15</b>
<b>Project Located Within TVA Service Area</b>	<b>10</b>
<b>Reasonableness of Budget</b>	<b>10</b>
<b>TOTAL POINTS POSSIBLE</b>	<b>100 POINTS</b>

## **7. Grant Application Evaluation Process**

The Cabinet will evaluate the applications using the following 2-tier process:

After the close date, the Cabinet will separate the applications according to the category identified in section 1 that best fits the content of the application.

Each application will be assigned to a category review team comprising three or more Cabinet personnel.

Category review teams will evaluate and score each assigned application according to all criteria in the Application Manual, and rank the applications according to total score.

The top-scoring applications in each category will be nominated to the full evaluation committee for possible award.

The Secretary, Commissioner, Program Manager and others designated by the Secretary will convene and decide on the number and balance of top-scoring applications to be further considered.

The full evaluation committee consisting of select members of the category teams plus other knowledgeable Cabinet personnel as assigned by the Secretary will evaluate and score the review teams' top-scoring applications according to all application criteria.

Funding will be awarded to top-scoring applications selected by the committee according to fund limitations and the merit of the applications. Applications may be partially funded based on an agreed revised scope and budget between the Applicant and the Cabinet.

The Cabinet will prepare a Contract with awarded applicants.

## **8. General Information About the Grants**

The Cabinet may request additional information as may reasonably be required for selection.

Applicants are encouraged to submit written questions to Paul Brooks via email at paul.brooks@ky.gov. Oral questions will not be accepted at any time. The Cabinet will respond to salient questions in writing with a Questions and Answers compilation and post that document to the Cabinet's web site <http://energy.ky.gov>.

The Application Manual, Application, Detailed Budget form, and Questions and Answer compilation are posted to the Cabinet's web site: <http://energy.ky.gov> .

***It is the applicants' responsibility to ensure that copies of all information and forms have been obtained.***

The Cabinet will not disclose any portions of the applications prior to grant award to anyone outside the Energy and Environment Cabinet, representatives of the Federal Government, if required, and the members of the evaluation committees. After a grant is awarded in whole or in part, the Cabinet may duplicate, use, or disclose all application data submitted by Applicants in response to this Grant Program as a matter of public record. Although the Cabinet recognizes the Applicant's possible interest in preserving selected data which may be part of an application, the Cabinet must treat such information as provided by the Kentucky Open Records Act, KRS 61.870 *et sequitur*.

Informational areas which normally might be considered proprietary will be limited to individual personnel data, customer references, selected financial data, formulae, and financial audits which, if disclosed, would permit an unfair advantage to competitors. If an application contains information in these areas that an Applicant declares proprietary in nature and not available for public disclosure, the Applicant must declare the inclusion of proprietary information and noticeably label as proprietary each sheet containing such information.

The Cabinet may request additional information about any aspect of an application in order to better evaluate the project. This information request may take the form of a meeting. Any discussions of an applicant's project will pertain only to that application and not include information from or about any other application.

By signing the Application Form, the Applicant certifies that he/she along with any other officers, directors, owners, partners, employees, or agents is (are) not presently debarred, suspended, prosed for debarment, or declared ineligible for an award by any

State or Federal agency. This is in accordance with Federal Acquisition regulation 52.209-5.

The Cabinet may terminate and cancel this Grant Program at any time. In such a case, the Cabinet will give the Applicant 30 days written notice.

If for any reason the funds from the TVA Consent Decree become unavailable, the Cabinet may cancel the Contract and not be obliged to make any payments under the Contract after the termination date. The Cabinet will provide 30 days notice of any such termination.

All costs of the project are to be included in the Detailed Budget and described in the Narrative section of the Application. After the Contract is executed, no additional expenses may be reimbursed. These include expenses for the applicant's fees, travel, and miscellaneous expenditures. All expense charges under the Contract must be invoiced on the Cabinet's form and must be supported by documentation and receipts. Costs may not exceed the project budget. Any re-allocation of costs within the budget must receive prior written approval from the Cabinet.

**The Cabinet is not liable for social security contributions under 42 US Code, Section 418, with regard to compensation of any second party to the Grant Agreement.**

Prior to the implementation of any Contract, the Applicant is required to reveal any final determination of a violation by the Applicant within the previous five years of the provisions of:

- KRS 136, relating to State sales and use tax;
- KRS 139, relating to corporate and utility tax;
- KRS 141, relating to income tax;
- KRS 337, relating to wage and hour laws;
- KRS 338, relating to occupational health and safety laws;
- KRS 341, relating to unemployment insurance laws; and
- KRS 342, relating to workers compensation insurance laws.

In addition, the Applicant must maintain continuous compliance with the provisions of those statutes which apply to the Applicant's operations. If the applicant fails to reveal a final determination as described above or fails to comply with the above statutes for the duration of the Contract, the Cabinet may cancel the grant.



**Discrimination (because of race, religion, color, national origin, sex, age, or disability) is prohibited.**

Applications for the grants are limited to new projects.

Projects may be multi-year in duration provided that there are annual milestones and deliverables specified within each year..

## **9. Restrictions on Communication with Cabinet Staff**

The person named below shall be the sole point of contact throughout the application and award process. All communications (regular mail, express mail, electronic mail, or fax), concerning this application and award process must be addressed to:

Paul Brooks  
Energy and Environment Cabinet  
500 Mero Street, 12<sup>th</sup> Floor  
Frankfort, KY 40601  
502-564-7192  
502-564-7484  
paul.brooks@ky.gov

From the issue date of this Grant Program until Applicants are selected for award and the selection is announced, Applicants are not allowed to communicate with any Cabinet Staff concerning this Application except the Contact cited in this manual. ***For violation of this provision, the Cabinet may reject the application of the Applicant.***

## **10. Form of Award**

Applicants whose projects are awarded funding will be required to enter into a Contract with the Cabinet. Both parties will sign the Contract as binding.

The Contract will specify terms and conditions for reporting project performance and requesting payment. Generally, payments are made on a reimbursable basis after receipt of an invoice with required documentation and a comprehensive progress report. A Cabinet staff member will be assigned to oversee the project and approve the report and invoice for accuracy and completeness. The Cabinet Project Manager will also meet with the project personnel periodically to be briefed on and discuss progress and results.

#### **11. If funded, there are these stipulations:**

Payment of project expenses takes place on a reimbursement basis. The Applicants must make payments for work actually completed and then submit required invoice documentation to the Cabinet for payment. The Cabinet will not pay project expenses for work that is performed prior to the start date in the executed Contract. Applicants must not begin work before receiving notification that the Cabinet has approved the Contract.

Grant funds may be used for indirect costs, but this is limited to 15% of the total grant award. An indirect rate shall not be charged toward contractual expenditures.

Projects may begin after the Applicant is notified by the Cabinet that the grant has been fully approved. Project start may be subject to the cash flow schedule determined by the Cabinet.

Project terms will be specified in the Contract executed by both parties. Applicants must complete projects on or before the agreed term. Requests for no-cost extensions are discouraged. However, if requested, they will be evaluated on a case-by-case basis, with final review being conducted by the Cabinet Secretary.

Attachment 1 Application Form

Attachment 2 Detailed Budget Sheet

Attachment 3 Points for Percent of Leveraged Funds

## Attachment 1. Application Form



## Kentucky Energy and Environment Cabinet

Department for Energy Development & Independence

500 Mero Street, 12<sup>th</sup> Floor

Frankfort, Kentucky 40601

(502) 564-7192

### Tennessee Valley Authority Clean Air Act Settlement Grant Program Application

***This Application is available on-line at [energy.ky.gov](http://energy.ky.gov)***

Applicant Information – Please provide a description in the boxes below for each section

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#### Applicant Name:

Click here to enter text.

*(Organization that will enter into the Grant Agreement)*

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#### Applicant is a:

Educational Institution or System ☐

Utility ☐

☐

Non-Profit Organization ☐

☐

Commercial, Industrial Entity ☐

☐

Community Action Agency ☐

☐

Government

State

Municipal

County

Other

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#### Mailing Address:

Click here to enter text.

#### Contact Name:

text.

Click here to enter text.

#### Title:

Click here to enter

#### Phone Number:

text.

Click here to enter text.

#### Email:

Click here to enter

**Organization Number:** Click here to enter text.  
enter text.  
(issued by the Secretary of State's Office)

**Federal Employer** Click here to  
**Identification Number (FEIN)**

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**Project Location – Where project is located or to be implemented**

**County:** Click here to enter text.

**City:** Click here to enter text.

**Served by TVA?** Yes ☐

No ☐

**Name of TVA Electricity Distributor:** Click here to enter text.

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**Project Title:** Click here to enter text.

**Project Benefit Type:**

Pollution Reduction (GHG, SO<sub>2</sub>, NO<sub>x</sub>, etc.) ☐  
Energy Efficiency ☐  
Renewable Energy ☐  
Other ☐

Explain: Click here to enter text.

**Project Category:**

Building Energy Conservation/Efficiency	<input type="checkbox"/>	Renewable Energy	
Smart Grid	<input type="checkbox"/>	Solar PV or Thermal	<input type="checkbox"/>
Agriculture or Forestry Sector	<input type="checkbox"/>	Geothermal	<input type="checkbox"/>
Cogeneration	<input type="checkbox"/>	Biomass	<input type="checkbox"/>
Utility Energy Efficiency	<input type="checkbox"/>		
Other	<input type="checkbox"/>		

Describe if Other Click here to enter text.

**Executive Summary:** (No more than 1200 words)

Click here to enter text.

**Project Narrative (max. 25 pages) must be submitted as part of this application.**

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**Project Funding Summary**

Grant Amount Requested	Click here to enter text.	Click here to enter text. % of
total		
Match (Leverage)	Click here to enter text.	Click here to enter text. % of
total		
Total Project Cost	Click here to enter text.	100 %

Provide a brief Cost-Benefit Description: (No more than 600 words)

Click here to enter text.

***Attachment 2, Detailed Budget Document must be submitted as part of this application.***

---

**Applicant**

---

**Authorized Signature**

---

**Date**

---

**Printed Name**

---

**Printed Title****Partner (if applicable)**

---

**Authorized Signature**

---

**Date**

---

**Printed Name**

---

**Printed Title**

When you have completed this form, print, sign, and make a copy for your records. Return the original and three copies to the address at the top of this application.

## Attachment 2. Detailed Budget

BUDGET			
<b>Additional Identification Information As Necessary</b>			
The grant budget line-item amounts below shall be applicable only to expense incurred during the			
Applicable Period: BEGIN: DATE      END: DATE			
OBJECT CLASS CATEGORY	GRANT CONTRACT	MATCH	TOTAL PROJECT
Personnel	\$ -	\$ -	\$ -
Fringe Benefits	\$ -	\$ -	\$ -
Travel	\$ -	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -
Supplies	\$ -	\$ -	\$ -
Contractual	\$ -	\$ -	\$ -
Construction	\$ -	\$ -	\$ -
Other <sup>1</sup>	\$ -	\$ -	\$ -
Indirect Charges <sup>2</sup>	\$ -	\$ -	\$ -
<b>GRAND TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<sup>1</sup> Applicable detail follow s this page if line-item is funded.

<sup>2</sup> Indirect Charges are limited to 15% of direct charges. Contractual isn't included in direct charges.

### GRANT BUDGET LINE-ITEM DETAIL:

OTHER	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
<b>TOTAL</b>	Amount

### Attachment 3. Points for Percent of Leveraged Funds

<b>Scale of Evaluation Points for Matching Funds</b>	
<b>Matching Funds as % of Requested Funds</b>	<b>Evaluation Points</b>
<b>0</b>	<b>0</b>
<b>10</b>	<b>1.5</b>
<b>20</b>	<b>3</b>
<b>30</b>	<b>4.5</b>
<b>40</b>	<b>6</b>
<b>50</b>	<b>7.5</b>
<b>60</b>	<b>9</b>
<b>70</b>	<b>10.5</b>
<b>80</b>	<b>12</b>
<b>90</b>	<b>13.5</b>
<b>100</b>	<b>15</b>